

OUTPATIENT MEDICAL CENTER, INC.

AUDITED FINANCIAL STATEMENTS

JANUARY 31, 2015
(With Summarized Financial
Information for 2014)

OUTPATIENT MEDICAL CENTER, INC.
January 31, 2015
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**BANKS, FINLEY,
WHITE & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Outpatient Medical Center, Inc.
Natchitoches, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Outpatient Medical Center, Inc., (a nonprofit organization) which comprise the statement of financial position as of January 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Outpatient Medical Center, Inc., as of January 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Outpatient Medical Center, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 20, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended January 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other-Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 18 - 23 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2015, on our consideration of Outpatient Medical Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Outpatient Medical Center, Inc.'s internal control over financial reporting and compliance.

Banks, Finley, White & Co.

Ridgeland, Mississippi
August 28, 2015

OUTPATIENT MEDICAL CENTER, INC.
Statement of Financial Position
January 31, 2015
(With Summarized Financial Information for 2014)

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 232,178	\$ 536,598
Patient care receivables, less allowance of \$781,032 for doubtful accounts	99,100	103,389
Grants and contracts receivable	<u>10,901</u>	<u>17,405</u>
Total Current Assets	<u>342,179</u>	<u>657,392</u>
Fixed Assets:		
Land	106,500	106,500
Building and improvements	3,812,616	3,812,616
Furniture and equipment	1,671,924	1,609,599
Vehicles	<u>25,815</u>	<u>25,815</u>
	5,616,855	5,554,530
Less: Accumulated depreciation	<u>(3,246,396)</u>	<u>(3,080,250)</u>
Net Fixed Assets	<u>2,370,459</u>	<u>2,474,280</u>
Other Assets		
Debt issuance costs, net	<u>41,588</u>	<u>44,933</u>
TOTAL ASSETS	<u>\$ 2,754,226</u>	<u>\$ 3,176,605</u>

The accompanying notes are an integral part of these financial statements.

OUTPATIENT MEDICAL CENTER, INC.
Statement of Financial Position
January 31, 2015
(With Summarized Financial Information for 2014)

<u>LIABILITIES AND NET ASSETS</u>	<u>2015</u>	<u>2014</u>
Current Liabilities:		
Accounts payable	\$ 60,889	\$ 59,367
Other payroll deductions payable	642	4,043
Salaries payable	44,482	56,978
Accrued annual leave	83,984	116,212
Notes payable, current portion	66,346	63,556
Capital leases payable, current portion	7,047	-
Total Current Liabilities:	<u>263,390</u>	<u>300,156</u>
Long-Term Liabilities		
Bonds payable	1,067,077	1,131,100
Capital lease payable	47,356	-
Less: current portion	(73,393)	(63,556)
Total Long-Term Liabilities	<u>1,041,040</u>	<u>1,067,544</u>
Total Liabilities	<u>1,304,430</u>	<u>1,367,700</u>
Net Assets:		
Unrestricted		
Undesignated (operating)	107,966	24,075
Board designated reserve	40,098	339,833
Fixed assets	1,301,732	1,444,997
Total Net Assets	<u>1,449,796</u>	<u>1,808,905</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,754,226</u>	<u>\$ 3,176,605</u>

The accompanying notes are an integral part of these financial statements.

OUTPATIENT MEDICAL CENTER, INC.
Statement of Activities
For the Year Ended January 31, 2015
(With Summarized Financial Information for 2014)

	CURRENT UNRESTRICTED			
	Operations	Fixed Assets	2015	2014
SUPPORT AND REVENUES (Note 2)				
Support:				
Grants and contracts	\$ 2,546,064	-	\$ 2,546,064	\$ 2,330,114
Total Support	<u>2,546,064</u>	<u>-</u>	<u>2,546,064</u>	<u>2,330,114</u>
Revenue:				
Health care services, net of charity, bad debts and contractual adjustments of \$1,042,793	1,376,390	-	1,376,390	1,435,588
Fundraising income	109,850	-	109,850	90,993
Interest income	1,787	-	1,787	1,138
Other income	39,558	-	39,558	20,609
Total Revenue	<u>1,527,585</u>	<u>-</u>	<u>1,527,585</u>	<u>1,548,328</u>
TOTAL SUPPORT AND REVENUES	<u>4,073,649</u>	<u>-</u>	<u>4,073,649</u>	<u>3,878,442</u>
EXPENSES				
Program Services				
Health care services	2,074,161	-	2,074,161	2,075,483
Community services	92,747	-	92,747	16,032
Total Program Services	<u>2,166,908</u>	<u>-</u>	<u>2,166,908</u>	<u>2,091,515</u>
Supporting Services				
Management and general	2,037,141	166,147	2,203,288	2,338,205
Fundraising	62,562	-	62,562	54,192
Total Supporting Services	<u>2,099,703</u>	<u>166,147</u>	<u>2,265,850</u>	<u>2,392,397</u>
TOTAL EXPENSES	<u>4,266,611</u>	<u>166,147</u>	<u>4,432,758</u>	<u>4,483,912</u>
Change in Net Assets	<u>(192,962)</u>	<u>(166,147)</u>	<u>(359,109)</u>	<u>(605,470)</u>
Net Assets, Beginning of Year	<u>363,908</u>	<u>1,444,997</u>	<u>1,808,905</u>	<u>2,414,375</u>
Other changes in net assets				
Acquisition of fixed assets	<u>(22,882)</u>	<u>22,882</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 148,064</u>	<u>1,301,732</u>	<u>\$ 1,449,796</u>	<u>\$ 1,808,905</u>

The accompanying notes are an integral part of these financial statements.

OUTPATIENT MEDICAL CENTER, INC.
Statement of Cash Flows
For the Year Ended January 31, 2015
(With Summarized Financial Information for 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS USED FOR OPERATING ACTIVITIES:		
Changes in Net Assets	\$ (359,109)	\$ (605,470)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	166,147	164,646
Decrease (increase) in:		
Patient care receivables	4,288	16,527
Grants and contracts receivable	6,504	(17,405)
Debt issuance costs	3,345	3,327
Increase (decrease) in:		
Accounts payable	1,520	45,129
Accrued salaries payable	(12,496)	14,839
Other payroll deductions payable	(3,400)	(18,256)
Refundable advance	-	(23,746)
Accrued annual leave	(32,228)	6,384
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(225,429)</u>	<u>(414,025)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	<u>(62,325)</u>	<u>-</u>
NET CASH FROM INVESTING ACTIVITIES	<u>(62,325)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal reduction in notes payable and capital leases	<u>(16,666)</u>	<u>(38,494)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(16,666)</u>	<u>(38,494)</u>
NET INCREASE (DECREASE) IN CASH	(304,420)	(452,519)
CASH, BEGINNING OF YEAR	<u>536,598</u>	<u>989,117</u>
CASH, END OF YEAR	<u>\$ 232,178</u>	<u>\$ 536,598</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for:		
Interest expense	<u>\$ 47,240</u>	<u>\$ 71,080</u>

Non-cash investing and financing activity:

During the year ended January 31, 2015, the Organization incurred capital lease obligations of \$47,980 to acquire computer and server equipment.

The accompanying notes are an integral part of these financial statements.

OUTPATIENT MEDICAL CENTER, INC.
Schedule of Functional Expenses
For the Year Ended January 31, 2015
(With Summarized Financial Information for 2014)

	Health Care Services	Community Services	Total Program Services	Management and General	Fundraising	2015	2014
Personnel	\$ 1,457,888	67,953	1,525,841	879,092	11,469	\$ 2,416,402	\$ 2,581,207
Fringe benefits	219,204	11,926	231,130	302,313	999	534,442	521,701
Travel	4,069	7,001	11,070	41,963	-	53,033	46,954
Supplies	64,422	2,598	67,020	49,416	1,499	117,935	117,406
Equipment rental	7,968	-	7,968	26,834	-	34,802	40,691
Contractual	205,541	-	205,541	48,880	-	254,421	232,705
Equipment expense	6,624	-	6,624	14,972	-	21,596	15,950
Legal and accounting	-	-	-	19,183	-	19,183	19,923
Dues and subscriptions	6,006	1,010	7,016	46,970	200	54,186	61,911
Utilities	-	-	-	178,600	-	178,600	159,328
Repairs and maintenance	61,554	-	61,554	67,841	-	129,395	86,105
Insurance	-	-	-	23,574	-	23,574	25,067
Staff recruitment	7,300	-	7,300	1,172	-	8,472	7,271
Advertisement	-	1,385	1,385	20,206	-	21,591	26,897
Security	-	-	-	989	-	989	1,181
Continuing education	19,860	-	19,860	9,031	-	28,891	13,569
Communications	7,693	799	8,492	142,077	-	150,569	144,352
Amortization expense	-	-	-	3,345	-	3,345	3,327
Janitorial	-	-	-	6,581	-	6,581	-
Space cost	-	75	75	62,220	48,395	110,690	103,190
Interest	-	-	-	47,240	-	47,240	71,080
Bank charges	(32)	-	(32)	11,322	-	11,290	9,204
Food and beverage	513	-	513	13,681	-	14,194	15,740
Board expenses	-	-	-	3,572	-	3,572	792
Property taxes	-	-	-	7,320	-	7,320	7,552
Other	5,551	-	5,551	8,747	-	14,298	6,163
Total expenses before depreciation	2,074,161	92,747	2,166,908	2,037,141	62,562	4,266,611	4,319,266
Depreciation	-	-	-	166,147	-	166,147	164,646
Total Expenses	\$ 2,074,161	92,747	2,166,908	2,203,288	62,562	\$ 4,432,758	\$ 4,483,912

The accompanying notes are an integral part of these financial statements

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2015

NOTE 1 - ABOUT THE ORGANIZATION

Outpatient Medical Center, Inc. (OPMC), a non-profit corporation, was incorporated in the State of Louisiana as of December 1997. The primary purpose of the Corporation is to provide outpatient health care in a medically underserved area to patients who otherwise would have limited access to health care. The Corporation is supported through a grant from Public Health Service, a component of the U. S. Department of Health and Human Services.

The fiscal year of OPMC is February 1 to January 31.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting - The financial statements of Outpatient Medical Center, Inc., are presented on the accrual basis of accounting.
- B. Basis of Presentation - The organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.
- C. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less that are not restricted for specific purposes.
- D. Donated Property and Equipment - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.
- E. Donated Services - Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification 958, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Centers.
- F. Expense Allocation - The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. Fund Accounting - The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.
- H. Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions in excess of \$5,000 are capitalized. Property, furniture, equipment and buildings are depreciated over their useful lives ranging from 5 to 40 years.
- The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition, as well as any disposition proceeds is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding source.
- I. Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.
- J. Employees' Annual Leave - OPMC charges annual leave earned by employees which has not been used by them at the end of a period to the period that the leave is earned.
- K. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- L. Net Patient Service Revenues and Provision for Bad Debt - Net patient service revenue is reported at the estimated net realized amounts from patients, third-party payors and others for services rendered, including estimated retroactive and prospective adjustments under reimbursements agreements with third-party payors. Third-party payors retain the right to review and propose adjustments to amounts reported by the Center. Such adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2015

The Center grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Additions to the allowance for doubtful accounts are made by means of the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance. The amount of the provision for bad debt is based upon management's assessment of historical expected net collections, business and economic conditions, trends in Federal and state governmental health care coverage, and other collection indicators. Services rendered to individuals when payment is expected and ultimately not received are written off to the allowance for doubtful accounts.

- M. Allowance for Doubtful Accounts - The Organization provides an allowance for doubtful accounts based upon a review of outstanding patient receivables, historical collection information and existing economic conditions. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.
- N. Debt Issuance Costs - Debt issuance costs are recorded at cost and amortized on a straight-line basis over the term of the debt (15 years).

NOTE 3 - FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Center in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of the Center's financial instruments, none of which are held for trading purposes, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$ 232,178	\$ 232,178
Financial liabilities:		
Long-term bonds payable	\$1,067,077	\$1,067,077

NOTE 4 - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS
OF INSURED LIMITS

The Organization maintains its cash balances in six (6) financial institutions located in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At January 31, 2015, the Organization had an uninsured cash balance of \$89,833.

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2015

NOTE 5 - PATIENT RECEIVABLES RECEIVABLE AND RELATED ALLOWANCE FOR DOUBTFUL ACCOUNTS

Patient accounts receivable, prior to adjustment for the allowance for doubtful accounts, is summarized as follows at January 31, 2015:

<u>Accounts receivable:</u>	<u>Amount</u>
Patients	\$ 315,651
Government	466,788
Other	<u>97,693</u>
	<u>\$ 880,132</u>

Allowance for doubtful accounts is summarized as follows at January 31, 2015

<u>Allowance :</u>	<u>Amount</u>
Patients	\$ 299,880
All Other	<u>481,152</u>
	<u>\$ 781,032</u>

NOTE 6 - PATIENT SERVICE REVENUE

A summary of patient service revenue, net of contractual adjustments and discounts, is as follows at January 31, 2015:

<u>Patient Service Revenue</u>	<u>Amount</u>
Patient Service Revenue	\$ 2,419,184
Less: Contractual adjustment under third-party reimbursement program and discounts	(749,703)
Provision for bad debts	<u>(293,091)</u>
Net Patient Service Revenue	<u>\$ 1,376,390</u>

NOTE 7 - FIXED ASSETS

The following is a summary schedule of fixed assets and related accumulated depreciation carried in the general property fund.

<u>Assets</u>	
Land	\$ 106,500
Buildings and Improvements	3,812,616
Furniture and Equipment	1,671,924
Vehicles	<u>25,815</u>
Total Property and Equipment	<u>5,616,855</u>
Less: Accumulated Depreciation	<u>(3,246,396)</u>
Net Property and Equipment	<u>\$ 2,370,459</u>

Depreciation expense for the year ended January 31, 2015 totaled \$166,147.

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2015

NOTE 8 - CORPORATE INCOME TAXES

The Organization is exempt from corporate Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from Louisiana income taxes. Therefore, no provision has been made for Federal or Louisiana corporate income taxes in the accompanying financial statements.

The Organization has adopted recently issued accounting principles related to uncertain tax positions for the year ended January 31, 2015 and has evaluated its tax positions taken for all open tax years. Currently, 2012, 2013 and 2014 tax years are open and subject to examination by the Internal Revenue Service; however, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended January 31, 2015.

NOTE 9 - RETIREMENT PLAN

The Center has a Section 403(b) plan for all eligible employees. To be eligible, an employee must be employed with the Corporation for at least one year and must be at least eighteen years of age. For the year ended January 31, 2015, the plan was properly funded. Retirement expense recognized was \$60,186 for the year ended January 31, 2015.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Annual Leave

The cost of employee's unused annual leave at January 31, 2015 in the amount of \$83,984 is included in the financial statements. See Note 2.J. above.

NOTE 11 - SUMMARY OF FUNDING AND SUPPORT

Outpatient Medical Centers' operations are funded through restricted grants from HHS. Other grants and contracts are received from state and local government agencies. The grants and contracts for the current period are shown below.

Source	Grant Number	Period	Amount
U.S. Department of Health and Human Services	H80CS00513	2/1/14- 1/31/15	\$ 2,438,033
U.S. Department of Health and Human Services - Outreach	H80CS00513	2/1/14 - 1/31/15	93,031
Delta Dental Community Care Foundation	N/A	2/1/14-1/31/15	10,000
Rapides Foundation	N/A	2/1/14-1/31/15	5,000
TOTALS			<u>\$ 2,546,064</u>

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2015

NOTE 12 - BONDS & NOTES PAYABLE

Bonds payable consist of the following at January 31, 2015:

Bonds series 2012 payable to Capital One Bank; fixed interest rate of 4.09% due in monthly installments of \$9,131 which includes principal and interest; matures July 1, 2027; secured by real estate. \$ 1,067,077

Maturities of long-term debt are as follows:

2016	\$ 66,347
2017	69,034
2018	72,068
2019	75,114
2020	78,289
Thereafter	<u>706,225</u>
Totals	\$ <u>1,067,077</u>

NOTE 13 - LEASED EQUIPMENT UNDER CAPITAL LEASE

The Center leases certain computer equipment under non-cancelable capital leases expiring in 2020. The capital lease obligations are collateralized by the equipment.

Future minimum lease payments under these capital leases as of January 31, 2015 are as follows:

Year Ending January 31:	
2016	\$ 13,871
2017	13,871
2018	13,871
2019	13,871
2020	12,212
Total future lease payments	67,696
Less: amount representing interest	<u>(20,341)</u>
Present value of minimum lease payments	47,355
Less: current portion	<u>(13,871)</u>
Non-current capital lease obligation	\$ <u>33,484</u>

Depreciation taken on assets under capital lease was \$1,315 for the year ended January 31, 2015.

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2015

NOTE 14 - LITIGATION

Outpatient Medical Center, Inc. maintains general liability, property, fidelity, managed care professional liability, directors and officers and other insurance coverage in amounts the Organization believes to be adequate. The Organization requires contracting health care providers to maintain malpractice insurance coverage in amounts customary in the industry.

In the ordinary course of its business, Outpatient Medical Center, Inc. is a party to claims and legal actions by enrollees, providers and others. After consulting with legal counsel, the Organization is of the opinion that any liability that may ultimately be incurred as a result of these claims, legal actions, audits or investigations will not have a material adverse effect on the financial position or results of operations of Outpatient Medical Center, Inc.

NOTE 15 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 60% of the Organization's funding is provided by direct grants from the U. S. Department of Health and Human Services.

NOTE 16 - GRANT BALANCES AND GRANT CONDITIONS

The Organization has responsibility for expending grant funds in accordance with specified instructions from its funding sources. Any deficits resulting from over expenditures and/or questioned costs are the responsibility of the Organization.

Any unexpended grant funds at the end of the grant period may be refundable or carried over to the following period at the discretion of the funding sources.

Notwithstanding the audits by independent certified public accountants, all costs included in this report remain subject to audit by the agencies providing financial support within the limits of the Single Audit Act of 1996, as amended. The determination as to whether costs will be allowable or unallowable under the grants will be made by representatives of the funding sources having authority to make and enforce contracts.

NOTE 17 - COMPARATIVE FINANCIAL STATEMENT INFORMATION

The financial statements include certain prior-year summarized information in total but not by net asset class. Prior-year information is not provided for in the notes to the financial statements. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended January 31, 2014, from which the summarized information was derived.

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2015

NOTE 18 - UNRESTRICTED NET ASSETS (BOARD DESIGNATED RESERVE)

The Board of Directors established a reserve account to cover gross expenses for future obligations. The funds for this reserve account are maintained in a separate bank account and can only be utilized by board approval.

NOTE 19 - ADVERTISING

Outpatient Medical Center, Inc. uses advertising to promote its programs among the communities it serves. The production costs of advertising are expensed as incurred. During the year ending January 31, 2015, advertising cost totaled \$21,591.

NOTE 20 - OPERATING LEASES

Future minimum lease payments under noncancelable operating leases with initial or remaining terms in excess of one year at January 31, 2015, are as follows:

<u>Year Ending</u>	<u>Amount</u>
2014	\$ 48,000
2015	48,000
2016	48,000
2017	<u>48,000</u>
Total minimum lease payments	<u>\$ 192,000</u>

NOTE 21 - NET PATIENT SERVICE REVENUE

Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors and others for services rendered including estimated retroactive adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Revenue from the Medicare and Medicaid programs accounted for approximately 11 percent and 77 percent, respectively, of the Center's net patient revenue for the year ended January 31, 2015. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2015

NOTE 22 - RELATED PARTY TRANSACTIONS

The husband of an OPMC board member owns and operates a company that provides janitorial services to the Center's Leesville site. The board member did not participate in the bid selection of the company to perform the services nor participate in the Board's vote to approve said services. At January 31, 2015, OPMC paid \$5,081 to this company for janitorial services.

NOTE 23 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 28, 2015, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

SCHEDULE A

OUTPATIENT MEDICAL CENTER, INC.

Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer
For the Year Ended January 31, 2015

In accordance with Act 706 passed during the 2014 regular Louisiana Legislative Session, the compensation, benefits, reimbursements and other payments to the Chief Executive Officer are presented as follows:

<u>Category</u>	<u>Amount</u>	<u>Total</u>
Salary	\$ <u>78,605</u>	
Total salary		\$ 78,605
Benefits:		
Health insurance	\$ 7,360	
Fica/Medicare	6,013	
Retirement	<u>-</u>	
Total benefits		13,373
Travel:		
Conference	669	
Per diem	559	
Registration	1,279	
Other	<u>959</u>	
Total travel		<u>3,466</u>
Total Compensation, Benefits, Travel, and Other Expenses		\$ <u>95,444</u>

SCHEDULE B

OUTPATIENT MEDICAL CENTER, INC.
Combining Schedule of Support and Revenues
For the Year Ended January 31, 2015

	<u>HHS Section 330 Funds</u>	<u>HRSA-HHS Outreach Grant</u>	<u>Delta Dental Foundation</u>	<u>Rapides Foundation</u>	<u>Total</u>
SUPPORT AND REVENUES:					
Support:					
Grants and contracts	\$ <u>2,438,033</u>	<u>93,031</u>	<u>10,000</u>	<u>5,000</u>	\$ <u>2,546,064</u>
Total Support	<u>2,438,033</u>	<u>93,031</u>	<u>10,000</u>	<u>5,000</u>	<u>2,546,064</u>
Revenue:					
Health care services, net of charity, bad debt and adjustments of \$1,042,793	1,376,390	-	-	-	1,376,390
Fundraising income	109,850	-	-	-	109,850
Interest income	1,787	-	-	-	1,787
Other income	<u>39,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,558</u>
Total Revenue	<u>1,527,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,527,585</u>
TOTAL SUPPORT AND REVENUES	\$ <u><u>3,965,618</u></u>	<u><u>93,031</u></u>	<u><u>10,000</u></u>	<u><u>5,000</u></u>	\$ <u><u>4,073,649</u></u>

SCHEDULE C

OUTPATIENT MEDICAL CENTER, INC.
 Schedule of Health Care Services Expenses
 For the Year Ended January 31, 2015

<u>EXPENSES</u>	<u>HHS Section 330</u>
Personnel	\$ 1,457,888
Fringe benefits	219,204
Travel	4,069
Supplies	64,422
Equipment rental	7,968
Contractual	205,541
Equipment expense	6,624
Dues and subscriptions	6,006
Repairs and maintenance	61,554
Staff recruitment	7,300
Continuing education	19,860
Communications	7,693
Bank and finance charges	(32)
Food	513
Other	<u>5,551</u>
Total Healthcare Services Expenses	<u>2,074,161</u>
 TOTAL EXPENSES	 \$ <u>2,074,161</u>

SCHEDULE D

OUTPATIENT MEDICAL CENTER, INC.
Schedule of Community Services Expenses
For the Year Ended January 31, 2015

<u>EXPENSES</u>	<u>HRSA Outreach Grant</u>
Personnel	\$ 67,953
Fringe benefits	11,926
Travel	7,001
Supplies	2,598
Dues and subscriptions	1,010
Advertisement	1,385
Communications	799
Space cost	<u>75</u>
Total Community Services Expenses	<u>92,747</u>
 TOTAL EXPENSES	 \$ <u>92,747</u>

SCHEDULE E

OUTPATIENT MEDICAL CENTER, INC.
 Schedule of Management and General Expenses
 For the Year Ended January 31, 2015

<u>EXPENSES</u>	<u>HHS Section 330</u>
Personnel	\$ 879,092
Fringe benefits	302,313
Travel	41,963
Supplies	49,416
Equipment rental	26,834
Contractual	48,880
Equipment expense	14,972
Legal and accounting	19,183
Dues and subscriptions	46,970
Utilities	178,600
Repairs and maintenance	67,841
Insurance	23,574
Staff recruitment	1,172
Advertisement	20,206
Security	989
Continuing education	9,031
Communications	142,077
Amortization expense	3,345
Janitorial	6,581
Space cost	62,220
Interest expense	47,240
Bank and finance charges	11,322
Food	13,681
Board expenses	3,572
Property taxes	7,320
Other	<u>8,747</u>
Total Management & General Expenses	<u>2,037,141</u>
 TOTAL EXPENSES	 <u>\$ 2,037,141</u>



**BANKS, FINLEY,
WHITE & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Outpatient Medical Center, Inc.
Natchitoches, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Outpatient Medical Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of January 31, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 28, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Outpatient Medical Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Outpatient Medical Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Outpatient Medical Center, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Outpatient Medical Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Banks, Finley, White & Co.

Ridgeland, Mississippi
August 28, 2015



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Outpatient Medical Center, Inc.
Natchitoches, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Outpatient Medical Center, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Outpatient Medical Center, Inc.'s major federal programs for the year ended January 31, 2015. Outpatient Medical Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Outpatient Medical Center, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Outpatient Medical Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Outpatient Medical Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Outpatient Medical Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended January 31, 2015.

Report on Internal Control Over Compliance

Management of Outpatient Medical Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Outpatient Medical Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Outpatient Medical Center, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bank, Finley, White & Co.
Ridgeland, Mississippi
August 28, 2015

OUTPATIENT MEDICAL CENTER, INC.
Schedule of Findings and Questioned Costs
Year Ended January 31, 2015

Section 1: Summary of Auditor's Results

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued on the financial statements. | Unmodified |
| 2. | Material noncompliance relating to the financial statements. | None |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |

Federal Awards:

- | | | |
|----|---|---------------|
| 4. | Type of auditor's report issued on compliance for major federal programs | Unmodified |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 6. | Any audit findings reported as required by Section 510(a) of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |

PROGRAM NAME	CFDA NUMBER
Health Centers Clusters	93.224
Affordable Care Act Grants	93.527

- | | | |
|----|--|-----------|
| 8. | The dollar threshold used to distinguish between type A and Type B programs: | \$300,000 |
| 9. | Auditee did not qualify as a low-risk auditee. | |

Section 2: Findings - Financial Statements Audit

NONE

Section 3: Findings and Questioned Costs - Major Federal Award Program Audit

NONE